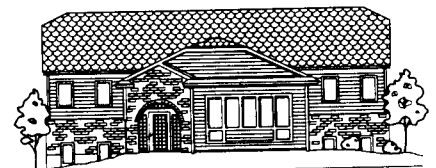


**ELMIRA/WARNER FIRE AUTHORITY**  
69-7507  
**ELMIRA AND WARNER TOWNSHIPS**  
**AUDITED FINANCIAL STATEMENTS**  
**MARCH 31, 2004**



**Keskine, Cook, Miller, Smith & Alexander LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**AUDITING PROCEDURES REPORT**

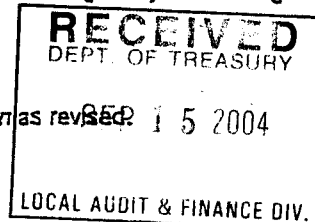
Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Elmira/Warner Fire Board	County Antrim/Otsego
Audit Date 3/31/04	Opinion Date 8/6/04	Date Accountant Report Submitted to State: 9/13/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised 1 5 2004.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☒ yes ☐ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☒ yes ☐ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

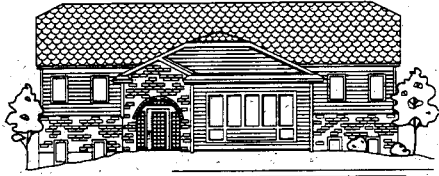
Certified Public Accountant (Firm Name) Keskine, Cook, Miller, Smith & Alexander, LLP			
Street Address 100 West First Street	City Gaylord	State MI	ZIP 49735
Accountant Signature <i>Rachel Trisch</i>			

## ELMIRA/WARNER FIRE AUTHORITY

PRESIDENT	Carl Essenmacher
VICE PRESIDENT	Ralph Robarge
SECRETARY	Dale Larson
TREASURER	Matt Dobrzezewski
MEMBER	Lee Curry
ADMINISTRATIVE ASSISTANT	Diane Franckowiak

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-5
<u>GOVERNMENT-WIDE FINANCIAL STATEMENTS</u>	
STATEMENT OF NET ASSETS	6
STATEMENT OF ACTIVITIES	7
<u>GOVERNMENTAL FUND FINANCIAL STATEMENTS</u>	
BALANCE SHEET	8
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS	9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	10
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	11
NOTES TO FINANCIAL STATEMENTS	12 - 19
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	20



**Keskin, Cook, Miller, Smith & Alexander LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **INDEPENDENT AUDITOR'S REPORT**

August 6, 2004

Members of the Board  
Elmira/Warner Fire Authority

We have audited the accompanying financial statements of the governmental activities and the major fund information of the Elmira/Warner Fire Authority as of and for the year ended March 31, 2004, which collectively comprise the Fire Authority's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Fire Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund information of the Elmira/Warner Fire Authority as of March 31, 2004, and the respective changes in financial position, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B, the Fire Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", as of March 31, 2004.

The management's discussion and analysis on pages 3-5 and budgetary comparison information on page 20 respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*K. K. Cook Miller Smith & Alexander LLP*

Keskine, Cook, Miller, Smith & Alexander, LLP  
Certified Public Accountants

**ELMIRA/WARNER FIRE AUTHORITY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
YEAR ENDED MARCH 31, 2004**

This section of the Elmira/Warner Fire Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended March 31, 2004.

Please read it in conjunction with the financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

The Authority is organized as a joint venture, formed by Elmira and Warner Townships for the purpose of providing fire rescue services to the citizens of the two Townships in the most efficient and effective manner.

The financial status of the Authority remained stable over the last year. Assets at March 31, 2004 totaled approximately \$128,500, of which \$79,000 represents capital assets net of depreciation.

Revenues derived from governmental activities were approximately \$65,000 (\$62,000 from program revenues and \$3,000 from general revenues). Overall expenses for the Authority's governmental activities approximated \$67,000.

The Authority incurred no new debt instruments during the year. The Authority purchased approximately \$69,000 in capital assets. Long-term debt and capital asset activity is addressed further in a subsequent section of this letter.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Authority.

The first two statements are government-wide financial statements and provide both long and short-term information about our overall financial status.

The remaining statements are fund financial statements, which focus on individual parts of the Authority in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

## **OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide statements report information about the Authority as a whole using accounting methods used by private companies. The statement of net assets includes all of the Authority's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two government-wide statements report net assets and how they have changed. Net assets are the difference between the Authority's assets and liabilities. This is one method to measure our financial health or position.

Over time, increases or decreases in the Authority's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the Authority, you may also have to consider additional factors such as tax base changes, facility and equipment conditions, and personnel changes.

All of the activities of the Authority are reported as governmental activities; the Authority engages in only one type of activity – fire rescue services.

### **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the Authority's funds, focusing on significant (major) funds, not the Authority as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Authority's board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The Authority has the following type of fund:

**Governmental Fund:** All of the Authority's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Authority's government-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them.

### **FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE**

**Net Assets:** The Authority's overall net assets decreased approximately \$2,000 during the year to total \$128,518. The decrease was due largely to significant purchases of fire equipment.



## FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

**Fire Operating Fund** – This fund is used to record all activities of the Authority. The major source of revenue for the operating fund is from contributions of property tax dollars from the participating Townships. The major expenses for this fiscal year include the general operating activities and significant equipment purchases.

## CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

### Capital Assets:

Additions to Authority's assets for this year include new airpacks and air refill bottles and a firefighter EVAC safety system, totaling approximately \$69,000.

### Long Term Debt:

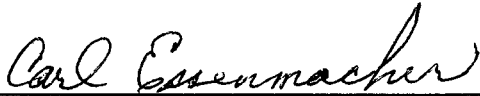
The Authority has no outstanding long-term debt.

## KNOWN FACTORS AFFECTING FUTURE OPERATIONS

None.

## CONTACTING TOWNSHIP MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors, and customers with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the revenues it receives. If you have any questions concerning this report, please contact Mr. Carl Essenmacher, Board President, at P.O. Box 7, Elmira, MI 49730.



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Mr. Carl Essenmacher, President  
Elmira/Warner Fire Authority

**ELMIRA/WARNER FIRE AUTHORITY  
STATEMENT OF NET ASSETS  
MARCH 31, 2004**

<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash	\$ 44,242
Due from Other Governments	5,233
Total Current Assets	<hr/> 49,475 <hr/>
<b>Non-Current Assets:</b>	
Capital Assets	170,835
Accumulated Depreciation	(91,792)
Total Non-Current Assets	<hr/> 79,043 <hr/>
Total Assets	<hr/> 128,518 <hr/>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	79,043
Unrestricted Net Assets	49,475
Total Net Assets	<hr/> \$ 128,518 <hr/>

See Accompanying Notes to Financial Statements

**ELMIRA/WARNER FIRE AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2004**

<b>P R O G R A M   R E V E N U E S</b>				<b>NET REVENUE/ (EXPENSE) &amp; CHANGES IN NET ASSETS TOTAL</b>
<b>EXPENSES</b>	<b>CHARGES FOR SERVICES</b>	<b>OPERATING GRANTS &amp; CONTRI- BUTIONS</b>	<b>CAPITAL GRANTS &amp; CONTRI- BUTIONS</b>	
\$ (66,943)	\$ -	\$ 62,467	\$ -	\$ (4,476)
<b>GOVERNMENTAL ACTIVITIES</b>				
Fire Rescue Services				
<b>GENERAL REVENUES</b>				
Refunds and Reimbursements				
Interest Earnings				
Total General Revenues				
Change in Net Assets				
<b>Net Assets - Beginning of Year</b>				
<b>Net Assets - End of Year</b>				
\$ 128,518				

See Accompanying Notes to Financial Statements

**ELMIRA/WARNER FIRE AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUND  
MARCH 31, 2004**

<b>ASSETS</b>		
Cash	\$	44,242
Due from Other Governments		5,233
<b>Total Assets</b>		<u>49,475</u>
<b>FUND EQUITY</b>		
Fund Balance, Undesignated, Unreserved	\$	<u>49,475</u>

See Accompanying Notes to Financial Statements

**ELMIRA/WARNER FIRE AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
MARCH 31, 2004**

<b>TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES (PER BALANCE SHEET - PAGE 8)</b>	<b>\$ 49,475</b>
---	------------------

Amounts reported for governmental activities in the Statement of Net  
Assets (page 6) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not recorded in the funds	<u>79,043</u>
---	---------------

<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES (PER STATEMENT OF ACTIVITIES - PAGE 6)</b>	<b>\$ <u>128,518</u></b>
--	--------------------------

See Accompanying Notes to Financial Statements

**ELMIRA/WARNER FIRE AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED MARCH 31, 2004**

<b>REVENUES</b>	
Contributions from Warner Twp	\$ 16,121
Contributions from Elmira Twp	46,346
Refunds and Reimbursements	2,456
Interest	439
	<hr/>
Total Revenues	65,362
	<hr/>
<b>EXPENDITURES</b>	
Wages	17,412
Board Per Diems	5,700
Fringe Benefits	1,927
Office Supplies	1,726
Capital Outlay	74,079
Repairs and Maintenance	2,811
Equipment Maintenance	68
Professional Services	2,303
Telephone	610
Education and Training	2,897
Utilities	4,444
Insurance	11,564
Miscellaneous	737
	<hr/>
Total Expenditures	126,278
	<hr/>
Excess (Deficiency) of Revenues over Expenditures	(60,916)
Fund Balance - Beginning of Year	110,391
	<hr/>
Fund Balance - End of Year	\$ 49,475
	<hr/>

See Accompanying Notes to Financial Statements

**ELMIRA/WARNER FIRE AUTHORITY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGE IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2004**

<b>CHANGE IN FUND BALANCE - GOVERNMENTAL FUND (PAGE 10)</b>	<b>\$</b>	<b>(60,916)</b>
---	-----------	-----------------

Amounts reported for governmental activities in the Statement of  
Activities (page 7) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives		69,376
Depreciation expense is recorded in the statement of activities but not the governmental fund financial statements		(10,041)

<b>CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES - PER STATEMENT OF ACTIVITIES (PAGE 7)</b>	<b>\$</b>	<b>(1,581)</b>
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See Accompanying Notes to Financial Statements

**ELMIRA/WARNER FIRE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004**

**NOTE A: ENTITY**

The Elmira/Warner Fire Authority is a joint venture created in October 2002 by Elmira and Warner Townships (of Otsego and Antrim Counties, respectively). The Fire Authority is organized under Act 57 of the Public Acts of 1988, as amended. The Fire Authority was organized as the most desirable and economic method of furnishing fire/rescue services in the Townships.

**TRANSFER OF ASSETS**

Upon creation, all assets and rights of the previous combined Township fire/rescue department, including all real and personal property currently used in connection with the existing fire/rescue department, were transferred to the Authority.

**WITHDRAWAL/DISSOLUTION**

Upon dissolution, debts of the Authority shall be paid and the net assets shall be divided between the Townships on a pro rata basis based on the total taxable value of each Township. If the Authority's assets are insufficient to pay all of the Authority's debts, then each Township shall remain liable on a pro rata basis based on the total taxable value of each Township for a proportion of the debts and liabilities the Authority incurred while the Township was a part of the Authority.

**FUNDING**

Funding for the Fire Authority's operations is provided by an assessment to each Township on the taxable value of the geographical area covered. The Fire Authority's boundaries include all of Elmira and Warner Townships.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting framework and the more significant accounting principles and practices of the Fire Authority are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide including required disclosures, of the Fire Authority's financial activities.

The accounting policies of the Fire Authority conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

On April 1, 2003, the Fire Authority adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".



**ELMIRA/WARNER FIRE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Under the provisions of GASB Statements No. 34 and 38, the focus of the Fire Authority's financial statements has shifted from a fund focus to a government-wide focus.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION**

***Government-Wide Financial Statements***

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Fire Authority as a whole.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. The Fire Authority has one fund and one functional activity – fire protection. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Fire Authority's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

***Fund Financial Statements***

Fund financial statements are provided for the Fire Authority's governmental fund.

The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

**ELMIRA/WARNER FIRE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FUND TYPE AND MAJOR FUND**

***Governmental Fund***

The Fire Authority reports the following major governmental fund:

*Fire Fund* - This fund is used to account for all financial transactions of the Fire Authority. The Fire Authority's primary source of revenue is from Township assessments "earmarked" for fire protection. Interest is earned on cash investments. Other revenues are from miscellaneous activities/sources.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The financial statements of the Fire Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Fire Board's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Fire Authority's entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

**Government-Wide Financial Statements**

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax contributions are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

**ELMIRA/WARNER FIRE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

**Governmental Fund Financial Statements**

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Fire Authority considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property tax contributions and investment income. In general, other revenues are recognized when cash is received.

**BUDGET**

An annual budget is required of the Fire Authority. The budget is open to the public for their consideration before final adoption. The Townships also individually review and approve the budget. Upon completion of the public hearing, The budget was adopted on a fund level using the modified accrual basis of accounting. The budget was amended as necessary throughout the year. Both the original and amended budgets are presented in these financial statements, as a part of required supplementary information. Budgets as adopted end on March 31<sup>st</sup> of each year. There are no carryover budget items.

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The Fire Authority experienced no overexpenditures during the fiscal year.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**ELMIRA/WARNER FIRE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**RESTRICTED RESOURCES**

When an expense is incurred for purposes for which both restricted and unrestricted net assets available, the Fire Authority first uses restricted net assets to fund the expense and once depleted, uses unrestricted net assets to fund the remaining expense.

**CAPITAL ASSETS AND DEPRECIATION**

The Fire Authority's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Fire Authority has no infrastructure assets. Donated assets are stated at fair value on the date donated. The Fire Authority generally capitalizes assets with cost of \$1,000 or more as purchase and construction outlays occur, if:

1. the estimated life of the assets is extended by more than 25% or
2. the cost results in an increase in the capacity of the asset, or
3. the efficiency of the asset is increased by more than 10%, or
4. significantly changes the character of the asset, or
5. otherwise, the cost should be expensed as repair and maintenance.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Machinery and equipment	10 – 15
Rescue vehicles	25 – 30

For information describing capital assets, see Note E.

**LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNTS/PREMIUMS**

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

**ELMIRA/WARNER FIRE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND  
DISCOUNTS/PREMIUMS (CONTINUED)**

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

At this time, the Authority has no outstanding long-term debt.

**NOTE C: CASH**

Cash is maintained in a financial institution in the Northern, Michigan area and consists of an interest bearing checking and savings account.

Cash deposits are insured by the FDIC up to \$100,000. Cash in excess of FDIC limits is not insured or collateralized. At March 31, 2004, the Fire Authority had deposits with a total bank balance of \$44,507 and a book balance of \$44,242. The entire bank balance was insured by the FDIC at March 31, 2004.

Statutory Authority

Act 217, PA 1982, authorizes the Authority to deposit and invest in:

- (a) bonds and other direct obligations of the United States or its agencies
- (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of Act 105, PA 1855, as amended
- (c) Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time
- (d) United States Government or Federal Agency obligation repurchase agreements
- (e) banker's acceptance of United States banks
- (f) Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan

The Authority's cash and investments are in accordance with statutory authority.

**ELMIRA/WARNER FIRE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004**

**NOTE D: DUE FROM OTHER GOVERNMENTS**

The amounts due from other governments represent delinquent property taxes to be received from the participating Townships, as follows:

Elmira Township	\$ 3,473
Warner Township	<u>1,760</u>
	<u>\$ 5,233</u>

**NOTE E: CAPITAL ASSETS AND DEPRECIATION**

The following table provides a summary of changes in capital assets:

	<u>BALANCE</u> <u>APRIL 1, 2003</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>MARCH 31, 2004</u>
<b>CAPITAL ASSETS, DEPRECIATED</b>				
Equipment	\$ -	\$ 69,375	\$ -	\$ 69,375
Vehicles	<u>101,460</u>	<u>-</u>	<u>-</u>	<u>101,460</u>
Total	<u>101,460</u>	<u>69,375</u>	<u>-</u>	<u>170,835</u>
Accumulated Dep.	<u>(81,751)</u>	<u>(10,041)</u>	<u>-</u>	<u>(91,792)</u>
Total Capital Assets, Net of Accumulated Dep.	<u>\$ 19,709</u>	<u>\$ 59,334</u>	<u>\$ -</u>	<u>\$ 79,043</u>

**NOTE F: INSURANCE COVERAGES**

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Authority pays annual premiums for the respective insurance coverage. There were no significant changes in coverage, nor were there any significant claims for the year.

**NOTE G: LEASE**

The Authority leases the fire hall from Elmira Township. The lease requires normal maintenance of the facility and payment of all repairs and utilities. Annual cost of the lease is equal to \$1.

**ELMIRA/WARNER FIRE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004**

**NOTE H: CONTINGENCY**

The Fire Board was awarded a grant from the Federal Emergency Management Agency (FEMA), under the "Assistance to Firefighters Grant Program for Fire Equipment and Firefighter Safety". The total grant amounted to \$65,475.

During the year ended March 31, 2004, the Fire Authority purchased approximately \$75,000 of equipment related to the grant.

The FEMA grant monies are subject to audit by the grantor. Upon audit, some expenditures may be disallowed and as a result, those amounts may be refundable. Such refunds, if any, are generally payable from the Fire Authority's unrestricted fund balance. The Fire Authority feels that any potential disallowances if any, are immaterial.

**ELMIRA/WARNER FIRE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
<b>Revenues</b>				
Contributions from Warner Township	\$ 10,252	\$ 10,252	\$ 16,121	\$ 5,869
Contributions from Elmira Township	40,282	40,282	46,346	6,064
Refunds and Reimbursements	-	-	2,456	2,456
Interest	-	-	439	439
Total Revenues	50,534	50,534	65,362	14,828
<b>Expenditures</b>				
Wages	20,200	20,200	17,412	2,788
Board Per Diems	5,200	5,200	5,700	(500)
Fringe Benefits	1,500	1,500	1,927	(427)
Office Supplies	1,484	1,484	1,726	(242)
Capital Outlay	75,750	75,750	74,079	1,671
Repairs and Maintenance	2,000	2,000	2,811	(811)
Equipment Maintenance	500	500	68	432
Professional Services	2,500	2,500	2,303	197
Telephone	800	800	610	190
Education and Training	3,236	3,236	2,897	339
Utilities	4,500	4,500	4,444	56
Insurance	12,500	12,500	11,564	936
Miscellaneous	500	500	737	(237)
Total Expenditures	130,670	130,670	126,278	4,392
Excess (Deficiency) of Revenues over Expenditures	(80,136)	(80,136)	(60,916)	19,220
<b>Fund Balance - Beginning of Year</b>	110,391	110,391	110,391	-
<b>Fund Balance - End of Year</b>	\$ 30,255	\$ 30,255	\$ 49,475	\$ 19,220